

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This Management's Discussion and Analysis ("MD&A") supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of Lupaka Gold Corp. ("Lupaka Gold") and the notes thereto for the periods ended March 31, 2018 and March 31, 2017 (collectively referred to hereafter as the "Financial Statements").

In this MD&A, "Lupaka", the "Company", or the words "we", "us", or "our", collectively refer to Lupaka Gold and its 100%-owned subsidiaries, Andean American Gold Corp. ("AAG", Canada), Lupaka Gold Peru S.A.C. ("LGP"), Invicta Mining Corp S.A.C. ("IMC", Peru), Andean Exploraciones S.A.C. ("AES", Peru) and Greenhydro S.A.C. ("Greenhydro", Peru).

This MD&A provides management's comments on Lupaka's operations for the three months ended March 31, 2018 and 2017, and the Company's financial condition as at March 31, 2018, as compared with the prior year-end.

The effective date of this MD&A is May 23, 2018 (the "MD&A Date").

For a complete understanding of the Company's business environment, risks and uncertainties and the effect of accounting estimates on its results of operations and financial condition, this MD&A should be read together with the Company's Financial Statements. Additionally, references are made in this MDA to the Company's Annual Information Form filed March 30, 2015 (the "AIF") - each of these documents can be found at www.sedar.com.

All currency amounts are expressed in Canadian Dollars unless otherwise indicated.

The Financial Statements and the MD&A were approved by the Board of Directors on May 23, 2018.

Forward-Looking Statements

Statements contained in this MD&A that are not historical facts are "forward-looking statements" or "forward-looking information" (collectively, "**Forward-Looking Information**") (within the meaning of applicable Canadian securities legislation) that involve risks and uncertainties. Forward-Looking Information includes, but is not limited to, statements relating to the amount of financings; and management's expectations regarding the ability to raise equity capital; expected use of proceeds; business objectives and strategies; the assets and liabilities of Lupaka; the acquisition of interests in mineral properties; the timing of completion and success of community relations (including with respect to agreements with local communities), exploration and development activities, permitting and related programs on the Invicta Gold Development Project; requirements for additional capital; the estimation of mineral resources; the effect of government policies and announcements; and changes to applicable laws in Peru on the Company's operations. In certain cases, Forward-Looking Information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The Forward-Looking Information is based on certain assumptions that the Company believes are reasonable, including: with respect to any mineral resource estimates, the key assumptions and parameters on which such estimates are based; the assumption that any additional financing needed will be available on reasonable terms; the exchange rates of the U.S., Canadian and Peruvian currencies in 2018 will be consistent with the Company's expectations; that the Company's current development and other objectives concerning the Invicta Gold Development Project can be reasonably obtained; that the results of exploration and other activities will be consistent with management's expectations; that the demand for gold will be sustained; that general business and economic conditions will not change in a material adverse manner; that the Company and its subsidiaries will not experience any material accident, labour dispute or failure or shortage of equipment; that all necessary community and government approvals for the planned development of the Invicta Gold Development Project will be obtained in a timely manner and on acceptable terms; and that the Company's interests in Peru will not be adversely affected by political, social

or economic instability in Peru or by changes in the government of Peru or its politics and tax policies. Other assumptions are discussed throughout this MD&A.

Forward-Looking Information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Information. Such risks and other factors include, among others: risks related to the completion of financings and the use of proceeds; that mineral resources are not as estimated; unexpected variations in mineral resources, grade or recovery rates; operations and contractual rights and obligations; actual results of the Company's development activities being different than those expected by management; changes in exploration programs based upon results of exploration; changes in estimated mineral resources; future prices of metals; currency and interest rate fluctuations; financial risk exposure of the Company such as credit and liquidity risk; availability of third party contractors; increased costs of labour, equipment or materials; increased costs as a result of changes in project parameters; availability of equipment; failure of equipment to operate as anticipated; accidents, effects of weather and other natural phenomena and other risks of the mineral exploration industry; political risks involving the Company's operations in a foreign jurisdiction; environmental risks; risks related to community relations and activities of stakeholders; and unanticipated delays in obtaining or failure to obtain community, governmental, judicial or regulatory approvals, or financing; as well as those factors referenced in the section entitled "Risk Factors" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in Forward-Looking Information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that Forward-Looking Information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on Forward-Looking Information.

The Forward-Looking Information in this MD&A is made only as of the date hereof. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation to update the Forward-Looking Information contained in this MD&A.

Cautionary Note to US Investors

Information concerning mineral properties in this MD&A has been prepared in accordance with Canadian disclosure standards under applicable Canadian securities laws, which are not comparable in all respects to United States disclosure standards. The terms "mineral resource", "measured resource", "indicated resource" and "inferred resource" (and similar expressions) used in this MD&A are Canadian mining terms as defined in accordance with National Instrument 43-101 under guidelines set out in the standards set by the Canadian Institute of Mining, Metallurgy and Petroleum.

While the terms "mineral resource", "measured resource", "indicated resource" and "inferred resource" are recognized and required by Canadian regulations, they are not defined terms under the standards of the U.S. Securities and Exchange Commission ("SEC"). As such, certain information contained or incorporated by reference in this MD&A concerning descriptions of mineralization and resources under Canadian standards is not comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. An "inferred resource" has a great amount of uncertainty as to its existence and as to its economic and legal feasibility. It can not be assumed that all or any part of an "inferred resource" will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred resources may not form the basis of feasibility or other economic studies. Investors are cautioned not to assume that all or any part of measured, indicated or inferred resources will ever be converted into Mineral Reserves. Investors are also cautioned not to assume that all or any part of an "inferred resource" exists, or is economically or legally mineable.

Qualified Person

The technical information in this document has been reviewed and approved by Julio Castañeda, Member of the Australian Institute of Geologists and the President of Invicta Mining Corp. and Lupaka Gold Peru S.A.C., wholly-owned subsidiaries of the Company, and a Qualified Person as defined by National Instrument 43-101 ("NI 43-101"). Mr. Castañeda is responsible for the preparation and/or verification of the technical disclosure in this document, unless otherwise noted.

Overall Performance

Lupaka Gold is a Peru-focused mineral development and exploration company, focused on the advancement of the Invicta gold development project towards production in the second half of 2018

Lupaka Gold's common shares trade in Canada on the TSX Venture Exchange ("TSX.V") under the symbol LPK and in Germany on the Frankfurt Exchange under the symbol LQP.

Activities and events of note for the last twelve months are as follows:

- On May 23, 2018, the Company announced the appointment of Mr. Mario Stifano to the Board of Directors, effective immediately, and Mr. Ryan Webster to the role of Chief Financial Officer, effective June 1, 2018;
- On May 4, 2018, as a result of a review by the British Columbia Securities Commission ("BCSC"), the Company issued a news release to clarify certain technical disclosures announced on March 1, 2018 (see *Mineral Projects/Invicta Gold Development Project*);
- On April 17, 2018, the Company provided an update on its development efforts at Invicta (see *Mineral Projects/Invicta Gold Development Project*);
- The Company's safety performance remained strong during the three months ended March 31, 2018, with no lost time or medical aid accidents;
- On March 15, 2018, the Company reported an average mineralized material grade of 9.86 g/t Au-Eq. over a strike length of 130 m from an underground sampling program at the Invicta Gold Development Project (see *Mineral Projects/Invicta Gold Development Project*);
- On March 1, 2018, the Company announced a positive Preliminary Economic Assessment with average annual pre-tax cash flow of US\$10.2 million (see *Mineral Projects/Invicta Gold Development Project*);
- On February 20, 2018, the Company announced the appointment of Daniel B.J. Kivari, P.Eng., as Director of Operations, and commencement of an investor relations program;
- On February 13, 2018, the Company announced it had received US\$2.5 Million of financing (Tranche 3) under the Prepaid Forward Gold Purchase Agreement ("PLI Financing Agreement") with PLI Huaura Holdings LP ("PLI" – see *Mineral Projects/Invicta Gold Development Project*);
- On November 21, 2017, the Company announced the closing of the sale of all of its interests in the Crucero Gold Project to Goldmining Inc. for \$750,000 and 3,500,000 shares of Goldmining (see *Mineral Projects*);
- On November 8, 2017, the Company announced that it had received US\$2.0 Million (Tranche 2) under the PLI Financing Agreement – see *Mineral Projects/Invicta Gold Development Project*);
- On September 25, 2017, the Company announced the appointment of Will Ansley as President and CEO of the Company;
- On August 23, 2017, the Company announced that it had successfully negotiated an early payout of the Franco Nevada production royalty on its Invicta Gold Development Project (see *Mineral Projects/Invicta Gold Development Project*);
- On August 9, 2017, the Company announced that it had received US\$2.5 Million (Tranche 1) under a second amendment of the PLI Financing Agreement (see *Mineral Projects/Invicta Gold Development Project*);
- On July 24, 2017, the Company announced that it had executed a community agreement with the Lacsanga Community (the "Lacsanga Agreement") and filed it with the Public Registry. The registration was subsequently completed in early November 2017 (see *Mineral Projects/Invicta Gold Development Project*); and
- On June 30, 2017, the Company completed a bridge loan financing for gross proceeds of \$600,000 with a group of third-party individuals (40%) and Insiders of the Company (60%) (see *Liquidity and Capital Resources*).

Outlook

The Company's immediate priority is to complete the development of the Invicta mine and related infrastructure in order to achieve commercial operations at the Invicta Gold Development Project and, potentially, positive cash flow in 2018 and beyond.

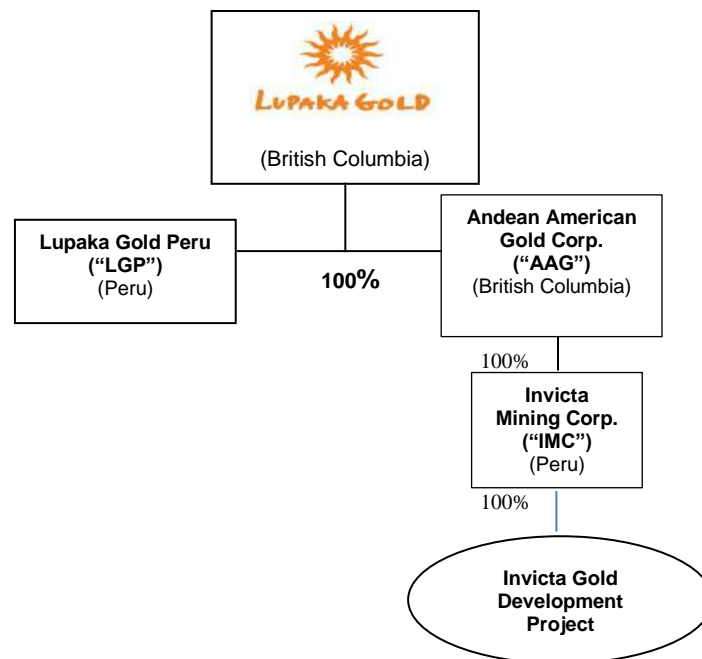
Corporate Structure

Lupaka Gold was incorporated under the *Company Act* (British Columbia) (predecessor to the British Columbia *Business Corporations Act*) on November 3, 2000 under the name "Kcrok Enterprises Ltd." and transitioned to the *Business Corporations Act* (British Columbia) on November 2, 2005. On May 4, 2010, the Company changed its name to "Lupaka Gold Corp."

Lupaka Gold's head office and records office are located at Suite 220 – 800 West Pender Street, Vancouver, British Columbia, V6C 2V6, and its registered office is located at Suite 700 – 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

Lupaka Gold owns 100% of the issued and outstanding shares of LGP, a company incorporated as Minera Pacacorral S.A.C. on July 10, 2008 under the laws of the Republic of Peru and which changed its name in September 2013 to Lupaka Gold Peru S.A.C. Lupaka Gold also owns 100% of the shares of AAG as a result of its October 1, 2012 acquisition of AAG, which in turn owns 100% of IMC.

The following chart depicts the Company's corporate structure together with the jurisdiction of incorporation of the Company and its wholly-owned subsidiaries as of the MD&A Date. The entities below are active unless otherwise noted.



Other subsidiaries, all of which are 100%-owned, inactive and located in Peru, are:

- Andean Exploraciones S.A.C.
- Greenhydro S.A.C.

As at May 23, 2018, Lupaka Gold had a market capitalization of ~\$27 million.

Personnel

The Company's corporate head office is located in Vancouver, Canada, while its Peru operations are conducted from LGP's office in Lima. With the exception of short-term operational requirements for its Peru operations, funds are maintained and controlled in Vancouver, in both Canadian and US Dollars.

As of the MDA Date, the number of staff with the Company was as follows:

Lupaka	December 31, 2016	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	MDA Date
<i>Canada</i>	5	5	5	4	4	4
<i>Peru</i>						
Administration	4	3	3	5	5	6
Development & Technical	7	7	6	4	4	23
Total	16	15	14	13	13	33

In December 2017, the Company's road contractor commenced construction of road upgrades and bypasses, and in January 2018 the Company's mine contractor began the mine preparation, rehabilitation and development work needed to put the Invicta Gold Development Project into commercial production in 2018 at 350 tonnes per day ("tpd").

Given the Company's strategy of utilizing third-party contractors for construction, mining, road transport and milling, the Company will be employing staff for supervisory and technical purposes, as needed. Consequently, the number of such staff employed will vary over time.

In addition to its staff located in Toronto, Vancouver and Peru, the Company also engages consultants when necessary, to provide geological, metallurgical and other corporate and technical consulting services.

Management

On May 23, 2018, the Company appointed Mr. Mario Stifano to the Board of Directors, following the resignation of Mr. Stephen Silbernagel. Mr. Silbernagel will continue with the Company as a Board Advisor. Additionally, Mr. Ryan Webster was appointed Chief Financial Officer, effective June 1, 2018. The current Chief Financial Officer, Mr. Darryl Jones, will be retiring as an officer of the Company as of May 31, 2018 and will be assisting with the transition of the CFO position while remaining as a consultant.

Effective September 25, 2017, William (Will) Ansley replaced Gordon L. Ellis as CEO and President, and was appointed as a director of the Company. Mr. Ellis remains a director and non-executive Chairman.

Effective September 12, 2017, the Company's shareholders elected Gordon L. Ellis, Norman Keevil III, Lucio Pareja, Luquman Shaheen, and Stephen Silbernagel as directors of the Company.

Business of the Company

The Company is a gold mineral exploration and development company. Its principal activities consist of evaluating, acquiring, exploring and developing gold mining properties in Peru. Mineral exploration and development of mining properties are expected to constitute the principal business of the Company for the coming years. In the course of realizing its objectives, it is expected that the Company will enter into various agreements specific to the mining industry, such as purchase or option agreements to purchase mining claims and late-development projects, as well as enter into joint venture and other asset-acquisition agreements.

Please see the Company's AIF for the history of the Company, including, but not limited to the:

- Historical financings of Lupaka Gold and the acquisition of the Crucero Gold Project
- Agreements with K-Rok Minerals Inc. ("K-Rok", a related party and >10% shareholder of Lupaka Gold)
- LGP Purchase Agreement and the Buyout of the LGP Vendors
- October 2012 acquisition of AAG (which included ownership of a 17% interest in Southern Legacy and a 100% interest in the Invicta Gold Development Project)
- Acquisition of the Josnitoro Gold Project option
- Company's mineral project concession listings, related exploration history, and
- Summary of the now-superseded Invicta Gold Development Project mineralized resource estimate based on a technical report titled "NI 43-101 Technical Report on Resources, Invicta Gold Development Project, Huaura Province, Peru" dated April 16, 2012 and prepared by SRK Consulting (U.S.) Inc. (the "April 2012 Invicta Technical Report", see www.sedar.com). See the summary of the new April 2018 Technical Report below.

Mineral Projects

After the November 2017 sale of the Crucero Gold Project (see the Company’s audited consolidated financial statements and management’s discussion and analysis located at www.lupakagold.com / Investors / Financial Reports & Filings) and the termination of the Josnitoro Gold Project JV with Hochschild Mining plc (“Hochschild”), the Company’s sole project is the Invicta Gold Development Project, located in Peru as set out in Figure 1 below:

Figure 1: Location of Invicta Gold Development Project



INVICTA GOLD DEVELOPMENT PROJECT

On March 1, 2018, the Company announced the results of a Preliminary Economic Assessment (“PEA”) prepared pursuant to National Instrument 43-101 (NI 43-101) on the Company’s 100% owned Invicta Gold Development Project (“Invicta Project” or “Invicta”), located 120 kilometres north of Lima, Peru.

The PEA is entitled “Technical Report on the Preliminary Economic Assessment for the Invicta Gold Project, Huaura Province, Peru” (the “April 2018 Technical Report”), was prepared by SRK Consulting (Canada) Inc. and is dated April 13, 2018. The complete April 2018 Technical Report can be found at www.sedar.com under the “Lupaka Gold Corp.” profile.

Invicta Project PEA Highlights:

All values are in US dollars unless otherwise indicated

- Updated Mineral Resource Statement of 3.0 million tonnes of Indicated Mineral Resources at 5.78 grams per tonne (“g/t”) gold equivalent ounces (“Au-Eq.”) using a 3.0 g/t cut-off, and 0.6 million tonnes of Inferred Mineral Resources at 5.49 g/t Au-Eq.
- Initial 6-year mine plan (underground) designed on a portion of the mineral resource utilizing the existing infrastructure and minimizing capital start-up costs
- Sub-level open stope mining producing ~ 670,000 minable tonnes at 8.6 g/t Au-Eq.* with production of ~ 185,000 Au-Eq. oz (within initial 6-year mine plan)
- Average annual pre-tax cash flows of \$10.2 million, average annual after-tax cash flow of \$8.2 million
- Annual production of 33,700 Au-Eq. oz, during steady-state
- Annual payable metal of 26,700 Au-Eq. oz, during steady-state
- All-in Sustaining Costs of \$575 Au-Eq. oz over initial 6-year mine life, average annual pre-tax operating profit of \$12.3 million
- Pre-tax 5% NPV of \$53.6 million
- After tax 5% NPV of \$43.4 million
- Low capital investment: \$4.3 million in pre-production capital with a payback of less than one year
- Strong upside potential for additional mineral resource growth
- Located in a premier South American mining jurisdiction, operating permits and community agreement in place

* Au-Eq. calculations in the PEA are based on \$1,300 Au, \$16.75 Ag, \$3.00 Cu, \$1.25 Zn, and \$1.05 Pb

Please see the Company’s AIF, re: “*Invicta Gold Project*” for a history of the technical work conducted on the project, extracts from the Invicta Technical Report, and the acquisition history of the project’s concessions, including the Barrick Royalty Agreement.

The PEA was undertaken on the Invicta Project to evaluate the economic viability of the underground extraction of Indicated and Inferred Mineral Resources from the Atenea Vein close to the existing 3400 Level adit (up to 130 metres above the 3400 Level) utilizing a sub-level long-hole open stoping mining method supported by initial toll treatment processing options.

The PEA considers only part of the reported Mineral Resource (the Atenea Vein close to existing infrastructure) with the objective of generating a positive cash flow from a low-cost operation while simultaneously re-investing in and further evaluating the deposit to potentially expand production in future.

The PEA was undertaken by a multi-disciplinary team of independent consultants from SRK Consulting (Peru) Inc., SRK Consulting (Canada) Inc. and Transmin Metallurgical Consultants in collaboration with Lupaka.

The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the PEA will be realized.

Geology / Mineral Resources

The generation of the geology and mineral resource model was undertaken by SRK Consulting (U.S.), Inc. in 2012 considering 112 core boreholes drilled by previous operator Pangea Peru S.A. during the period of 1997 to 1998, 53 core boreholes drilled by Invicta Mining Corporation S.A.C.(Invicta) between 2006 and 2008 and 10 underground channels between 2007 and 2008. Mesothermal to Epithermal gold mineralization has been modeled within seven quartz-hosted wireframes at the Invicta Project. The mineral resource model is a geostatistically-based block model constrained by geological wireframes, documented in a technical report filed by previous owner, Andean American Gold Corporation, in April 2012. No additional exploration data has been acquired on the project since the generation of the model in 2012.

The Mineral Resource Statement which forms the basis of the PEA was reviewed by SRK Consulting (Canada) Inc., and was found to fairly reflect the informing data and the geological interpretation at the time of modeling. The Mineral Resource Statement has been re-stated to reflect current metal prices and costs. The Mineral Resource Statement for the Invicta Project is tabulated in Table, reported to a cut-off grade of 3.0 g/t Au-Eq. Cut-off grades are based on a price of US\$1,250 per ounce of gold, US\$17.00 per ounce of silver, US\$3.00 per pound of copper, US\$1.05 per pound of lead and US\$1.20 per pound of zinc. The equivalent gold calculation assumes mill recoveries of 85 percent for gold, 80 percent for silver, 82 percent for copper and lead and 77 percent for zinc.

This Mineral Resource Statement differs from that previously reported in 2012, primarily due to the reduction of metallurgical recovery assumptions, an increase in gold equivalent cut-off grade from 1.3 g/t to 3.0 g/t, and revisions to metal price assumptions.

Table I: Mineral Resource Statement*, Invicta Project, Huaura Province, Peru, SRK Consulting (Peru) S.A., March 1, 2018

Zone	Category	Tonnes (000's)	Metal Grade						Contained Metal (000's)					
			AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	AuEq (oz)	Au (oz)	Ag (oz)	Cu (lb)	Pb (lb)	Zn (lb)
Atenea	Indicated	2,516	6.03	4.19	26.68	0.64	0.39	0.47	488	339	2,158	35,513	21,429	25,988
All Zones	Inferred	535	5.40	5.09	4.77	0.06	0.11	0.16	93	88	82	673	1,315	1,878
Dany	Indicated	55	4.03	1.36	31.57	1.39	0.05	0.06	7	2	56	1,683	59	77
	Inferred	4	4.50	1.48	38.57	1.56	0.03	0.06	1	0	5	132	3	5
Pucamina	Indicated	229	4.63	4.02	10.27	0.09	0.31	0.30	34	30	76	443	1,582	1,495
	Inferred	21	3.76	3.37	5.32	0.16	0.04	0.08	3	2	4	75	18	35
Ydalias	Indicated	9	7.60	4.38	39.21	1.50	0.37	0.23	2	1	11	294	71	45
All Zones	Inferred	0	8.00	3.91	51.60	2.00	0.27	0.18	0	0	0	13	2	1
Zone 4	Indicated	190	4.38	3.38	14.93	0.43	0.13	0.09	27	21	91	1,805	536	371
	Inferred	16	3.92	1.72	20.79	1.17	0.08	0.05	2	1	11	417	28	20
Total	Indicated	2,999	5.78	4.07	24.81	0.60	0.36	0.42	558	392	2,392	39,739	23,678	27,977
All Zones	Inferred	577	5.29	4.91	5.49	0.10	0.11	0.15	98	91	102	1,311	1,365	1,939

* Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

** Underground mineral resources are reported at a cut-off grade of 3.0 g/tonnes of gold-equivalent. Cut-off grade price of US\$1,250 per ounce of gold, US\$17.00 per ounce of silver, US\$3.00 per pound of copper, US\$1.05 per pound of lead and US\$1.20 per pound of zinc. The gold-equivalent calculation assumes 85 percent recovery for gold, 80 percent recovery for silver, 82 percent recovery for copper and lead and 77 percent recovery for zinc.

Grade Sensitivity Analysis

The Mineral Resources of the Invicta Project are sensitive to the selection of the reporting cut-off grade. To illustrate this sensitivity, the global block model quantities and grades are presented in Table II.

Table II: Global Block Model Quantities and Grade Estimates*, Invicta Project at Various Cut-off Grades

Cut-off Grade (g/t Au-Eq.)	Indicated			Inferred		
	Quantity	Grade	AuEq Metal	Quantity	Grade	AuEq Metal
	(000't)	AuEq (g/t)	(000' oz)	(000't)	AuEq (g/t)	(000' oz)
2.5	3,796	5.14	628	928	4.37	130
3.0	2,999	5.78	558	577	5.29	98
3.5	2,451	6.35	501	526	5.49	93
4.0	2,024	6.90	449	473	5.69	86
4.5	1,674	7.46	402	366	6.09	72
5.0	1,405	7.98	361	179	7.44	43

Mining and Processing

The PEA operating plan is based on the underground extraction of Indicated and Inferred Mineral Resources from the Atenea vein close to the existing 3400 Level adit (up to 130 metres above the 3400 Level) utilizing a sub-level long hole open stoping mining method, with waste material as backfill where possible.

Production as outlined by the PEA considers an average peak steady state rate of approximately 350 tonnes per day. The initial 6-year mine life commencing in 2018 is expected to produce a total of 669,813 tonnes of mineralized material inclusive of a 11% external dilution with an 83% mine recovery (Table III).

Table III: Summary of PEA Production Schedule and Grades

		Total	2018	2019	2020	2021	2022	2023
Annual Mine Production	tonnes	669,813	89,905	124,510	124,949	124,368	123,790	82,291
Average Daily Production	tpd	319	257	356	357	355	354	235
Au-Eq. Grade	g/t	8.58	8.55	8.47	9.20	8.62	7.45	9.45
Au-Eq. Produced Ounces	Oz.	184,708	24,723	33,896	36,963	34,484	29,644	24,997
Au-Eq. Payable Ounces	Oz	145,765	19,487	26,822	29,057	27,315	23,513	19,572

Results of metallurgical tests indicate that conventional flotation technology can be used to treat the mineral resources from Invicta. The flowsheet includes crushing, a coarse primary grind, bulk lead, copper, gold and silver flotation, flotation of a Zn concentrate, bulk concentrate regrinding, and selective Cu/Pb flotation.

Table IV illustrates the assumed concentrate recoveries and Table V shows the assumed concentrate grades.

Table IV: Concentrate Recoveries

		Recovery			
		Cu conc	Pb conc	Zn conc	Total
Gold	%	77.3	10.6		87.9
Silver	%	45.5	34.1		79.6
Copper	%	84.1			84.1
Lead	%		82.6		82.6
Zinc	%		14.3	68.4	82.7

Table V: Concentrate Grades

		Concentrate		
		Cu	Pb	Zn
Copper	%	30.1	5.7	2.8
Lead	%	5.2	48.5	1.0
Zinc	%	1.9	5.5	54.9

Cash Flow Analysis (all amounts in US\$)

Over the initial 6-year operating plan outlined in the PEA, the pre-tax NPV using a 5% discount rate is \$53.6 million (Table VI) and the post-tax NPV using a 5% discount rate is \$43.4 million (Table VII).

Table VI: Pre-tax Discounted NPV – Metal Price Sensitivities

Pre-Tax NPV (\$ M)		-10%	Base Case	+10%
	0%	\$43.6	\$60.9	\$78.2
Discount Rates	Base Case 5%	\$38.2	\$53.6	\$69.0
	8%	\$35.5	\$50.0	\$64.4
Payback Years		<1	<1	<1

Table VII: After-tax Discounted NPV – Metal Price Sensitivities

After-Tax NPV (\$ M)		-10%	Base Case	+10%
	0%	\$36.2	\$49.0	\$61.4
Discount Rates	Base Case 5%	\$31.9	\$43.4	\$54.4
	8%	\$29.8	\$40.6	\$50.9
Payback Years		<1	<1	<1

Metal price assumptions for the base case are \$1,300 oz Au, \$16.75 oz Ag, \$3/lb Cu, \$1.25/lb Zn, \$1.05 Pb.

The revenue contributions of each metal are tabulated in Table VIII.

Table VIII: Revenue Contribution by Commodity and Percentage

	Total Project	%
Gold	\$125.0	66
Silver	\$11.3	6
Total Precious Metal	\$136.3	72
Copper	\$31.9	17
Zinc	\$12.1	6
Lead	\$9.2	5
Total	\$189.5	100

Capital Cost Estimates (all amounts in US\$)

The PEA has been designed to minimize initial capital outflows by utilizing the existing underground infrastructure to access mineralization in proximity to the 3400 Level adit, rehabilitate and utilize the existing 65-person camp, and truck mineralized material to toll milling facilities thereby avoiding the requirement to build a plant on site. Initial pre-production capital expenditures are estimated at \$4.3 million (Table IX). The projects pre-production capital consists of rehabilitation to existing underground and surface infrastructure, installation of underground services, preparation and development of underground infrastructure including a new adit at the 3430 Level, associated cross-cut and connection to the 3400 Level which completes the ventilation circuit and secondary egress, as well as significant improvements to the projects access road.

Excluded from capital expenditures is \$1 million which was spent in 2017 to buy-back and extinguish the 1% royalty over Invicta owned by Franco Nevada. No additional royalties remain on the property.

Table IX: Initial Pre-Production Capital and Sustaining Capital Breakdown

	Initial Capital (M)	Sustaining Capital (M)	Total Capital (M)
Project infrastructure	\$1.8	\$2.3	\$4.1
Development	\$2.5	\$6.1	\$8.6
Total	\$4.3	\$8.4	\$12.7

The Company has identified multiple toll treatment plants that would be capable of treating the mineral resources within the PEA mine plan with minor modifications. The mineral resources will be trucked to one of these facilities where separate copper, lead and zinc concentrates would be produced by the toll facility, supervised by Lupaka staff. All capital and operating costs associated with the ROM treatment and tailings disposal would be the responsibility of the toll treatment facility, under a cost per tonne agreement.

Preliminary review of marketing terms for the Invicta Project's saleable concentrates has occurred and discussions with traders are ongoing. Concentrates will be trucked from the selected toll treatment facility to the port of Callao for sale or export.

Operating Cost Estimates (all amounts in US\$)

The PEA estimates that the Invicta Project will produce approximately 187,000 Au-Eq. ounces over the initial 6-year mine plan. Mining and trucking costs are estimated based on third party contractor rates, processing charges are estimated based on discussions held with local toll processing facilities. General and administration is based on internal estimates, local labor rates, and from experience running operating the Invicta camp facility. Estimates project operating costs are tabulated in Table X. Average cash costs and all-in costs for the project are tabulated in Table XI.

The Invicta Project does not have any royalties.

Table X: Operating Unit Costs

Unit Operating Costs		
Underground Mining and Development	\$/tonne mined	\$37.30
Trucking and Haulage	\$/tonne mined	\$50.20
Processing	\$/tonne mined	\$37.53
General & Administration	\$/tonne mined	\$12.62
Total	\$/tonne mined	\$137.60

Table XI: Cash Costs

Unit Cash Costs		
Operating Cost	Au-Eq oz	\$508
All-in Sustaining Cost	Au-Eq oz	\$575

Qualified Persons with respect to the PEA

A listing of the Qualified Persons for the PEA can be found on Page ii of the complete PEA, which in turn can be found at www.sedar.com under the "Lupaka Gold Corp." (Technical Reports) profile.

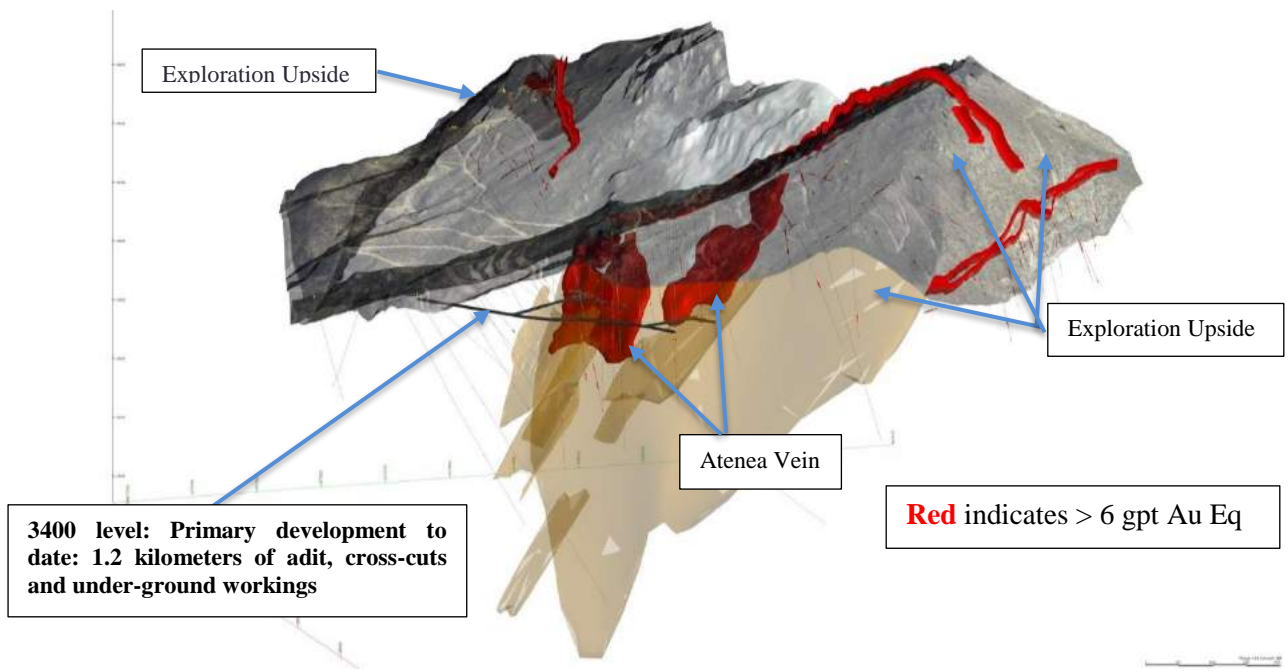
Invicta Production Plans

At present, the Invicta Gold Development Project is in a pre-production stage, with the completion of pre-production mine and road development now underway now.

Management believes that a feasible Invicta operation can be achieved by implementing a full contractor-based mining model, including contract mine development (including safety bays, alternate escape ways, and ventilation circuit upgrades), contract mining, road construction and upgrades, contract transport and contract processing of Invicta's mineralized material, thereby eliminating significant equipment capital and related finance risk to the operation and the Company. The Company's target mining rate is 350 tpd.

Additionally, the planned mining operation would utilize the underground workings, camp facilities and roads built by previous owners at an internally-estimated cost of ~US\$15 Million. The underground workings directly access the high-grade Au mineralized material contained in the measured resource estimate in the Atenea Vein (see Figure 2 below).

Figure 2: Invicta's Underground Workings Intersecting the Highest Grade Areas in the Atenea Vein



Subject to the availability of financing, the Company's long-term strategy is to acquire, and/or build its own local processing facility located much closer to Invicta than are existing toll processors, in order to achieve reduced transport costs and improved concentrate production margins and profitability. Initial internally-generated cost estimates for a Company-owned facility are estimated at US\$10-15 Million.

Cautionary Note Regarding the Invicta Production Decision

The decision to commence pre-production permitting, engage technical consultants and update internal studies for the Invicta Gold Development Project was based on economic models prepared by the Company and PLI in conjunction with management's knowledge of the property and the existing preliminary estimates of the measured, indicated and inferred mineral resources on the property. The decision was not based on a preliminary economic assessment, a pre-feasibility study or a feasibility study of mineral reserves demonstrating economic and technical viability. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with this production decision, in particular the risk that mineral grades will be lower than expected, the risk that construction or ongoing mining operations are more difficult or more expensive than expected, the risk that the Company will not be able to transport or sell the mineralized material it produces to local custom toll mills on the terms it expects, or at all; production and economic variables may vary considerably, due to the absence of a detailed economic and technical analysis according to and in accordance with NI 43-101. Inferred mineral resources are

considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves.

Targeted Production

Production is planned to initially target some of the highest grade gold and copper mineralization within the Atenea Vein, which contains the majority of the current Invicta gold resource. Based on internally-generated geology and engineering estimates, management believes that mineralized material in the quantities and grades given in Table 1 below is readily accessible for extraction in the first 6 years of production from the mineralized resource estimates identified in the Invicta Technical Reports.

The Company has identified sufficient resources within the block model, which are accessible by the existing mine development tunnels, to justify proceeding with engineering, technical studies, permitting and mine development -- those resource blocks are summarized in Table 1 below.

Measured and Indicated mineral resource mineralization will initially be targeted by the planned production plan. The mineral resources estimated in the Invicta Technical Reports are derived from block models.

Table 1 below shows blocks of mineralization identified by those block models as Measured or Indicated mineral resource that are immediately accessible from the existing tunnel and cross-cut work.

Note, timeframes for the commissioning of production from the identified mineralization may be extended depending on metals prices, ability to finance, permitting delays, contractor performance, and other factors beyond management's control.

Management believes that the high-grade mineralization within the existing Invicta mineralized resource estimate envelope could be extended as development advances and exploration is conducted from underground to define those zones. The Company will pursue known high grade drill intercepts with definition/infill drilling as development allows.

Table 1: Resource Block Model Mineralization Accessible from Existing Infrastructure

Invicta Block Model	Elevation m	Tonnes T	Width m	Au g/t	Ag g/t	Cu %	Pb %
	3359	159,751	18.36	6.43	33.25	1.13	0.25
	3383	154,010	13.53	5.48	29.74	0.84	0.37
	3407	163,812	14.92	5.26	40.89	0.91	0.56
	3431	101,200	7.91	5.2	45.31	0.94	0.55
	3455	81,431	14.22	4.32	38.45	0.89	0.26
Total		660,204	14.27	5.47	36.82	0.95	0.4

Sampling Program and Results

To better appreciate the grade continuity within mineralized veins at Invicta and to confirm modeled grades within the current Invicta mineral resource model, the Company recently completed a comprehensive underground channel sampling program over the entire western section of the Atenea vein on the 3400 Level, using a 5-metre sample spacing interval.

The 2018 program, designed to augment previous sampling work performed in 2014, commenced at the 2SW cross cut (on the western side). Channel sampling was performed across each wall (west and east) as well as over the ceiling on the same plane. Further channel sampling was performed systematically every additional 5 metres, similar to the mineral resource block model size, and over both walls within the six-additional cross-cuts (seven in total) ending on the eastern wall of the Level.

Polymetallic mineralization within the Atenea Vein on 3400 Level is hosted by structurally-defined footwall and hanging wall components which were mapped and sampled separately. Summarized assay sampling results are tabulated in Table 2 below:

Table 2: Average Sampling Results from 3400 Level Atenea Vein Sampling Program

Atenea Vein	Length Metres	Width Metres	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Au-Eq. g/t
Footwall Vein	130.0	6.1	5.20	68.69	1.53	1.38	0.97	9.86
Hanging Wall Vein Split	70.0	6.0	2.74	62.18	1.33	1.52	0.86	7.00

Summary results obtained from 331 samples taken in the drift and crosscuts, over spacing of approximately every 5 metres, are tabulated in Table 3 (Hanging Wall Split) and Table 4 (Footwall Split).

Table 3: Summary Assays from Atenea 3400 Level – Hanging Wall Split

Intercept	Width Metres	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Au-Eq. g/t
1	3.75	0.41	37.37	1.26	0.78	0.29	3.49
2	3.00	1.01	99.53	0.99	0.56	0.33	4.37
3	5.45	2.41	86.65	1.13	0.47	0.48	5.85
4	10.80	3.06	49.37	1.22	0.89	0.89	6.65
5	8.00	4.66	58.36	1.66	1.96	0.77	9.58
6	4.90	2.08	65.51	1.56	4.49	2.09	9.12
Weighted Averages	6.0	2.74	63.18	1.33	1.52	0.86	7.00
Length (metres)	70						

Table 4: Summary Assays from Atenea 3400 Level – Footwall Vein

Intercept	Width Metres	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Au-Eq. g/t
1	5.00	7.24	8.60	0.33	0.07	0.13	7.99
2	5.05	4.05	29.43	1.26	0.20	0.50	6.84
3	4.50	0.35	14.44	0.39	0.15	0.25	1.39
4	3.20	0.38	32.19	1.05	0.86	4.68	5.73
5	7.80	8.71	22.21	0.35	0.19	0.61	10.03
6	8.30	3.19	20.81	0.69	0.12	0.87	5.14
7	3.00	4.72	5.00	0.17	0.02	0.14	5.16
8	3.20	2.02	5.00	0.13	0.14	0.43	2.63
9	2.00	0.49	2.67	0.17	0.08	0.06	0.87
10	4.20	4.86	41.57	0.82	1.10	2.89	9.03
11	6.15	2.54	55.30	2.02	0.95	0.44	7.25
12	2.60	12.48	116.50	2.28	3.24	0.97	19.96
13	3.60	1.42	53.25	1.18	1.84	0.56	5.33
14	2.80	11.79	132.57	2.74	0.98	1.91	19.52
15	9.20	3.76	75.48	1.78	2.00	1.43	9.52
16	14.40	4.40	99.78	2.35	3.15	0.99	11.75
17	3.80	6.31	98.05	2.34	2.04	2.03	13.63
18	3.20	1.08	38.31	1.21	0.47	0.11	3.81
19	12.70	3.15	88.59	1.65	4.25	1.19	9.97
20	13.40	1.27	45.94	1.58	1.10	0.63	5.35
21	5.15	9.21	95.71	1.90	0.36	0.27	13.81
22	4.80	5.17	74.13	2.17	1.53	1.09	11.06
23	12.00	11.92	121.17	1.87	1.88	1.08	18.12
24	9.00	14.72	168.36	1.74	0.76	0.83	20.54
25	5.70	13.23	110.37	2.17	2.76	1.62	20.59

26	5.80	5.49	92.91	2.39	1.31	0.95	11.77
27	5.85	3.23	57.26	1.84	1.38	1.70	8.66
28	8.00	3.10	74.50	2.31	0.86	1.32	8.98
29	8.00	1.41	32.96	0.86	0.53	0.39	3.73
30	3.30	1.37	53.36	0.85	0.33	0.23	3.71
31	3.20	1.12	40.50	1.44	0.15	0.05	4.04
Weighted Averages	6.1	5.20	68.69	1.53	1.38	0.97	9.86
Length (metres)	130						

Quality Control and Assurance

The analyses for this sampling campaign were carried out by ALS, an accredited laboratory, in Lima, Peru, exercising a thorough Quality Assurance and Control program (QA/QC). As part of QA/QC protocol, duplicates, standards and blanks were inserted into the sample processing stream. The sample locations were mapped, surveyed and photographed for reference. Individual sample channels vary between 0.2 to 2.5 metres wide. Samples were bagged, sealed and delivered to the ALS sample preparation facility in Lima, Peru. Gold was assayed by a 50-gram fire assay and re-assayed for the overlimits, with an AAS finish. All ALS labs are ISO 9000 registered.

Management believes that the above-noted program confirms that the mineralization exposed in the existing workings is consistent with the Company's understanding of the mineralization that is being initially targeted in the Invicta production plans.

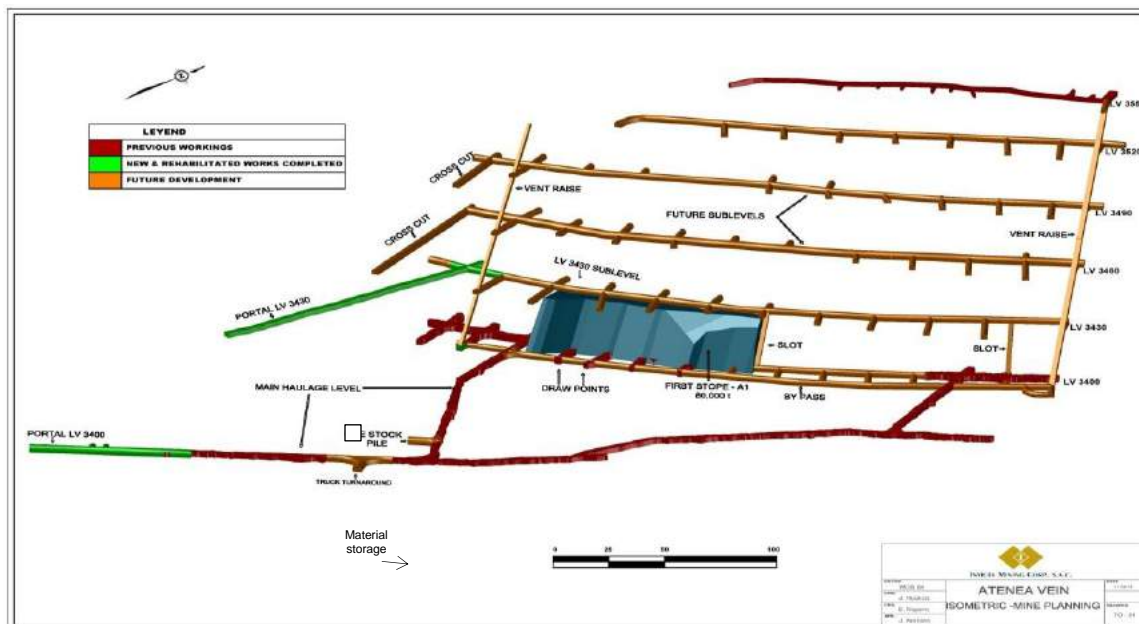
Mine Development Update

As of the MDA Date, development and rehabilitation work at Invicta is progressing well and the Company anticipates it will commence production from the 3400 Level at a rate of 350 tpd in Q3/18.

Recruitment of the key operations team personnel was completed in Q1/18 which included the Director of Operations, Mine Manager, Chief Geologist, Superintendent of Production & Mine Planning, and other related technical personnel. The operations team is overseeing and directing the mining and road contractors, as well as preparing the mine development and production plans. During the second quarter of 2018, the Invicta camp facilities will be expanded from 65 people to allow for up to 130 persons.

As illustrated in Figure 3 below, two vertical material transport raises originally contemplated in the PEA have been eliminated, resulting in a savings of approximately US\$250,000, through the use of draw points on the 3400 Level.

Figure 3 – Invicta Development Plan (3D – Oblique Long Section)



The 3400 Level will be the main haulage level for mineralized material and a decision has been made to increase the dimension of 120 metres of the 3400 Level from 3.5 metres ('m') wide x 3.0 m high to 4.5 m wide x 4.0 m high in order to allow access of 30 tonne haulage trucks, which can then haul directly to the processing plant. Small mineralized material storage chambers will be constructed underground to ensure a continuous flow of mineralized material from the mine to the designated toll milling plant.

Mineralized material will be loaded into the waiting trucks from the underground stations on the 3400 Level and travel directly to the toll milling plant, thereby eliminating the need to construct and operate a reloading platform 26 kilometres from the mine. Furthermore, increasing the dimensions and haulage capacity of the 3400 Level allows the Company to more easily increase the mine's output in future years above the current plan of 350 tpd.

Other efforts on the 3400 Level includes replacing and enhancing the existing ground support systems, installation of services, refuge and vehicle bypasses, and a ventilation system that includes two raises (2.0 m x 2.0 m) which will provide a continuous flow of fresh air to the 3400, 3430 and future sublevels, as well as providing secondary egress points. Approximately 90 meters of the required 180 metres has been rehabilitated on the 3400 Level, and development of the first ventilation raise has commenced.

The 3430 Level cross-cut was completed advancing a total of 149 m, intersecting the hanging wall split at 133 m and the footwall zone at 142 m. Mineralization in both zones is visually consistent containing coarse grains of chalcopyrite, sphalerite, and galena, with the mineralization 30 metres below on the 3400 Level.

Road Construction Progress

As of the MDA Date, upgrades to the 28 kilometre main access road, from the paved highway to the Invicta Project, are approximately 90% advanced. The upgrade work includes widening the road from four meters to approximately six meters, construction of four by-passes to circumvent communities and difficult portions of the road where numerous switchbacks occurred, the development of borrow pits to obtain road surfacing materials, improving the road surface to allow 30 tonne haulage trucks and heavy machinery to travel, and the installation of berms and drainage ditches. Along with the reduction of traffic within the communities and increasing the efficiency of hauling, one of the main and most important benefits of these improvements is increasing safety conditions.

The Company is targeting completion of the road project in June 2018.

Bulk Sample Testing

In June 2015, the Company announced that it had excavated approximately 900 tonnes of mineralized material at the Invicta Gold Development Project from three available faces underground at the 3400 level of the Atenea Vein. This bulk sample mining was completed in preparation for transport to a third-party toll mill for bulk process testing.

Bulk Sample 1

In October 2015, the Company announced the results obtained from the processing of its first run-of-mine bulk sample comprised of 342 tonnes of Invicta mineralized material, achieving total recoveries of 83.6% for Gold and 95.5% for Copper. The processing test was run at a Peruvian toll mill in La Oroya under the supervision of Certimin S.A., the Company's metallurgical consultant, with the following results being obtained:

Copper/gold, lead/silver and zinc concentrate streams were produced over 6 days of processing, with concentrate tonnes and average grades per tonne achieved as shown below in Table 5.

Table 5: Concentrate Tonnes and Grades Per Tonne 342 tonne average over six days

Concentrate Stream	Tonnes Con Prod	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Fe %
Copper (Cu)	16.1	88.0	1,032.1	28.8	6.4	4.5	25.5
Lead (Pb)	8.4	88.2	1,339.3	13.1	25.7	8.5	16.9
Zinc (Zn)	3.9	49.6	692.2	8.1	2.7	37.1	11.8

The overall average percentage recoveries for each of the three concentrate streams produced are shown below in Table 6.

Table 6

Distribution of Metal Recovery (%)

Concentrate Stream	Au	Ag	Cu	Pb	Zn	Fe
Copper	50.3	45.9	73.1	27.8	19.4	8.5
Lead	26.4	31.2	17.4	58.1	19.4	3.0
Zinc	6.9	7.5	5.0	2.8	39.5	1.0
Total	83.6%	84.7%	95.5%	88.7%	78.3%	12.4%

Quality Control and Assurance

The analyses and the supervision for the above processing was carried out by Certimin S.A., an accredited consulting Lima, Peru firm, exercising a thorough Quality Assurance and Control program (QA/QC). Certimin is ISO 9001 certified for the metallurgical testing at a laboratory level, and ISO 14001, OHSAS and ISO 17025 certified for the preparation and assay of geochemical, metallurgical and environmental samples.

Bulk Sample 2

In January 2016, the Company announced the results obtained from the processing of its second run-of-mine bulk sample comprised of 532 tonnes of Invicta mineralized material, as follows:

A single bulk copper concentrate was produced with concentrate tonnes and grades per tonne achieved as shown below in Table 7.

Table 7

Concentrate tonnes and grades per tonne from the 532t bulk sample

Concentrate Stream	Concentrate DMT	Au ⁽¹⁾ g/t	Ag ⁽¹⁾ g/t	Cu ⁽¹⁾ %	Pb ⁽²⁾ %	Zn ⁽²⁾ %
Copper (Cu)	47.58	58.5	648	15.2	11.11	9.63

(1) Based on a Mineral Assay Report prepared by ALS Perú S.A.

(2) Based on results obtained by the processor, Minería y Exportaciones SAC (“Minex”)

Overall average percentage recovery for each target metal in the concentrate are shown below in Table 8.

Table 8

Distribution of Metal – Recovery of Metal in Concentrate Streams

Concentrate Stream	Au	Ag	Cu	Pb	Zn
	%				
Copper	87.52	91.18	91.52	90.03	90.13

The Company completed this bulk sample test at the Minex processing plant located in Nazca, south of Lima, Peru. The total tonnage received at the processing plant was 532 tonnes of which 432 tonnes was from recently extracted run-of-mine material and 100 tonnes was from low-grade stockpiled material. This processing plant has only one processing system, resulting in all of the material being blended and run as a single, un-optimized test.

Q2-18 Bulk Samples

With the completion of the first raise and ventilation circuit, approximately 4,000 tonnes of mineralized material will be aggregated and sent to several toll milling plants for processing in Q2-18. Other toll milling plants in the region are also going to be evaluated for processing Invicta mineralized material.

Technical Advisors

The Company engaged Certimin S.A. to perform metallurgical assessments and supervise the 2015 Bulk Sample processing of mineralized material from the Invicta Gold Development Project.

The Company also engaged SVS Ingenieros of Lima Peru (a subsidiary of SRK Global Consulting) to provide mine engineering, production plan and project management consulting services for the Invicta mine operations.

Permitting

The Company has been able to utilize a number of previously issued permits and technical reports for the Invicta Gold Development Project, re: the existing Invicta Environment Impact Assessment (“EIA”) approved by the Ministry of Energy and Mines in 2009 and amended in 2012; a Closure Plan for AAG’s previously proposed 5,100 t/d of mineralized material mine plan which was approved by the MEM in January 2012 and which is presently being amended; a Certification of the Absence of Archaeological Ruins (CIRA) from the Ministry of Culture covering the area of the Invicta resources; an agreement with the community of Santo Domingo de Apache (the community that owns the surface rights for the concession on which the Invicta mineral resource estimate is located), as well as information from a number of technical studies completed by previous owners, including: metallurgy; material mechanics; structural geology on the mine area; hydrology; hydrogeology; power line access from Andahuasi; and other engineering analyses.

In addition, the Company has received approval of its Mining Plan, a Certificate of Mining, a Global Explosives permit, and amended Invicta EIA and Closure Plans, as well as a production phase agreement from the community of Lacsanga, all of which allows the Company to complete the necessary development work to put the Invicta Gold Development Project into production. Once the necessary development items are satisfactorily completed, the Company will make application for a Certificate of the Start of Exploitation Activities.

Community Relations and Social Responsibility

Invicta staff continue to work diligently with the communities directly and indirectly affected by the Invicta Gold Development Project. These communities largely consist of farmers that mainly cultivate avocados and peaches along the local Andean slopes, approximately 2 kms or more from the Invicta Gold Development Project.

Two communities, called Lacsanga and Santa Domingo de Apache, would be directly impacted by the mining and subsequent transport of mineralized material from an Invicta mining operation utilizing community-owned access roads.

To date, the Company has signed a 20-year agreement with the community of Santo Domingo de Apache (in October 2010), on whose land the Invicta resource is located, as well as a 10-year, renewable agreement with the community of Lacsanga (in November 2017) covering water access, and access road construction and upgrades, pursuant to which certain payments were made.

Health and Safety

The Company has placed a high priority on its performance with respect to health and safety at Invicta. The Company’s safety performance remained strong during the three months ended March 31, 2018, with no lost time or medical aid accidents.

Concessions – Invicta

Invicta contains a gold-copper polymetallic underground deposit located within the group of 5 Victoria concessions acquired from Minera Barrick Misquichilca (“Barrick”) as well as another concession (Invicta II) obtained by IMC through an acquisition and staking program undertaken prior to the Company’s AAG acquisition.

The Company is, to the best of its knowledge, in full compliance with all of its Invicta concession-holder requirements and confirms that the above-referenced concessions are in good standing.

During 2016, the Company decided to forego maintaining 40 concessions obtained under the aforementioned staking program, due to their very low exploration potential. Consequently, as at December 31, 2017, only the annual concession fees for the 5 Victoria concessions and the Invicta II concession have been paid and are current (Note, the Invicta mineralized resource estimate is located on the Victoria Uno concession). Additionally, the Victoria concessions are the only Invicta concessions for which the Company has recorded any carrying value. See the Company’s AIF for a complete and detailed listing of the 46 concessions acquired as a result of the AAG acquisition.

After the acquisition of Invicta by the Company in October 2012, costs associated with Invicta were expensed as exploration expenditures up to and including July 2017.

Beginning in August 2017, such expenditures were capitalized to mineral property under development as management determined that with the receipt of Tranche 1 of the PLI Financing, the project was able to proceed to construction and pre-production. As a result, Invicta transitioned from an exploration property under IFRS 6 to mineral properties, plant and equipment under IAS 16. At the time of the transition from exploration to mineral property under development, the Company completed an impairment test as required by IFRS 6. The impairment test compared the carrying amount of Invicta to its recoverable amount, which is the higher of the fair value less costs of disposal and value in use. Upon completion of the impairment test, the Company concluded there was no impairment.

Additionally, the Company completed a PEA in February 2018 showing a positive net present value for the project.

The components of the Invicta mineral property under development costs are as follows:

<i>In thousands of dollars</i>	Acquisition Costs	Concession Fees	Infra- structure	Community	Project Admin	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, December 31, 2017	11,714	59	816	633	18	13,240
Additions	–	38	1,729	275	223	2,265
Foreign exchange	337	2	55	21	4	419
Balance, March 31, 2018	12,051	99	2,600	929	245	15,924

JOSNITORO GOLD PROJECT

Effective March 31, 2014, the Company entered into a definitive option agreement with Hochschild Mining plc (“Hochschild”) to earn a 65% interest on Josnitoro (the “Hochschild Option”) in Southern Peru. Josnitoro is an exploration stage gold and copper project in the Department of Apurimac which is comprised of 19 concessions.

The Hochschild Option required the Company to obtain a community agreement for exploration by March 2018. Lupaka was unable to obtain a community agreement and requests for an extension with Hochschild were unsuccessful, resulting in the termination of the Hochschild Option.

The carrying value for Josnitoro, for which no consideration has been paid, was \$Nil as at March 31, 2018 (\$Nil - December 31, 2017).

SELECTED FINANCIAL INFORMATION

The following table presents selected unaudited quarterly operating results for each of the last eight quarters. Selected quarterly financial information is extracted from unaudited consolidated interim financial statements reported in accordance with International Financial Reporting Standards (“IFRS”) applicable to preparation of interim financial statements, including IAS 34, Interim Financial Reporting:

Financial Data for Last Eight Quarters (Unaudited)

In thousands of Canadian Dollars, except for per share amounts

Three months ended	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
Total revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Exploration expenses	(223)	298	510	418	314	330	471	401
Impairment of mineral property	Nil	(11,037)	11,037	Nil	Nil	Nil	Nil	Nil
Loss on sale of mineral property	Nil	11,037	Nil	Nil	Nil	Nil	Nil	Nil
General and administrative expenses	334	452	156	128	134	232	93	171
Financing expenses	288	639	343	84	71	62	65	(10)
Loss (gain) on metals derivative liability	(38)	218	Nil	Nil	Nil	Nil	Nil	Nil
Loss on sale of marketable securities	393	81	Nil	Nil	Nil	Nil	Nil	Nil
Loss	754	1,688	12,046	630	519	624	629	562
Basic and diluted loss per share	\$0.01	\$0.01	\$0.10	\$0.01	\$0.00	\$0.01	\$0.01	\$0.01

As the Company has not had any revenue-generating mineral properties or other sources of mining revenue to date, no mining revenues are reflected in the above table.

Factors that have caused notable fluctuations in the Company’s quarterly results include: a loss on the sale of the Crucero Gold Project for Q4-17, share-based compensation costs (“SBC”) incurred due to share price variations across all quarters, accretion and interest expenses related to the Bridge Loans for Q3-16 through to Q4-17, financing expenses related to the PLI Financing Agreement for Q4-17 and Q1-18, and foreign exchange gains or losses related to US Dollar-denominated monetary assets and liabilities when the Canadian Dollar exchange rate significantly fluctuates across all quarters.

In periods of loss, basic and diluted loss per share is the same because the effect of potential issues of shares would be anti-dilutive.

The Company operates in one segment, being mineral exploration and development, and all of its mineral properties are located in Peru, South America. The consolidated statements of loss, comprehensive loss and deficit for the periods presented reflect both the Company’s Canadian and Peruvian operations. All of the Company’s operating costs in Peru are expensed, in accordance with the Company’s related accounting policy.

In accordance with the Company’s accounting policy, the Company will capitalize its development costs on a project once it has reached a development decision on that project, as it has for the Invicta Gold Development Project as of August 2017.

Financial results for the three months ended March 31, 2018 and 2017 are summarized as follows:

	Three months ended	
	March 31	
	2018	2017
	(\$000's)	(\$000's)
Operating expenses		
Exploration and development	(223)	314
General and administration	334	134
Operating loss	111	448
Financing expenses	288	71
Gain on metals derivative liability	(38)	–
Loss on sale of marketable securities	393	–
Loss for the period	754	519
Loss per share – Basic and diluted	\$0.01	\$0.00

Three months ended March 31, 2018

Compared to the three months ended March 31, 2017, notable expense variances were as follows:

Exploration and development expenses

As a result of the termination of the Hochschild Option, the Company no longer needed to pay for the Josnitoro Project concession costs. Consequently, \$251,000 in camp-related (concession) costs were reversed in the three months ended March 31, 2018, which were offset by \$28,000 in project administration costs.

General and administration expenses

All such expenses relate to the Canadian operations of Lupaka Gold and totalled \$334,000 for the first three months of 2018 compared to \$134,000 for the first three months of 2017, with the increase of \$200,000 being the result of:

- Salaries and benefits totalling \$218,000 for the first quarter of 2018 compared to \$79,000 for the first quarter of 2017, a net increase of \$139,000, which includes executive search costs of \$45,000, higher salary costs of \$91,000 due to the employment of new senior management and the reinstatement of full salaries to certain individuals who had previously taken reductions in salary, as well as \$3,000 in higher non-cash SBC expense;
- Professional and regulatory fees totalling \$28,000 for the first quarter of 2018 compared to \$21,000 for the first quarter of 2017, an increase of \$7,000 due to the use of advisory services;
- Shareholder and investor relations expenses totalling \$45,000 for the first quarter of 2018 compared to \$10,000 for the first quarter of 2017, an increase of \$35,000 reflecting increased investor relations programs, web site redevelopment costs and increased news release dissemination; and
- A small increase in office and general and travel costs of \$19,000.

Financing expenses

\$19,000 (\$50,000 – three months ended March 31, 2017) in accretion relating to the Company's bridge loans and \$37,000 (\$30,000 – three months ended March 31, 2017) in interest costs related to the bridge loans were incurred.

A gain on metals derivative liability of \$38,000 and financing expenses of \$356,000 (including the fair value of \$19,000 for Agent's Warrants for Tranche 3) relating to the PLI Financing Agreement was recorded for the three months ended March 31, 2018 compared to \$Nil for the same period of 2017.

A foreign exchange gain of \$124,000 occurred in the three months ended March 31, 2018 compared to a gain of \$9,000 in the same period of 2017.

On November 20, 2017 ("Closing Date"), the Company closed the sale of Crucero and acquired 3,500,000 common shares of Goldmining Inc. (TSXV: GOLD, the "GOLD Shares"), which the Company classifies as an available-for-sale financial asset.

As at March 31, 2018, Company held 406,600 GOLD shares and as the quoted market value of the GOLD shares had decreased from the market value at December 31, 2017, the Company recorded a decline in fair value of \$50,000, included in other comprehensive loss, on its GOLD shareholdings. Additionally, the Company realized a total loss of \$393,000 on the sale of 2,388,000 GOLD shares for the three months ended March 31, 2018.

Share-based compensation expenses

Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The volatility was calculated using historical volatility of the Company's share price as an expectation of the Company's future volatility. Non-cash share-based compensation costs of \$123,000 have been recorded for the three months ended March 31, 2018 (March 31, 2017 – \$70,000), and allocated as follows:

<i>In thousands of dollars</i>	2018	2017
	\$	\$
Salaries and benefits	53	50
Shareholder and investor relations	7	8
Project administration	–	8
Camp and related	–	4
<u>Development costs (capitalized)</u>		
Project Administration	56	–
Community	7	–
Total share-based compensation	123	70

LIQUIDITY AND CAPITAL RESOURCES

<i>In thousands of dollars</i>	March 31, 2018	December 31, 2017
Cash and cash equivalents	5,969	1,656
Working capital (defined as current assets less current liabilities)	3,446	3,557
Total assets	22,615	19,326
Total liabilities	11,596	8,117
Shareholders' equity	11,019	11,209

The principal changes in the Company's cash during the three months ended March 31, 2018 were as follows:

- Net cash generated from operating activities in the three months ended March 31, 2018 was \$328,000 (\$256,000 used in the three months ended March 31, 2017), which was a product of a loss for the period of \$754,000 (\$519,000 – three months ended March 31, 2017), offset by the following non-cash charges: loan accretion of \$19,000 (\$50,000 – three months ended March 31, 2017), share-based compensation expense of \$60,000 (\$70,000 – three months ended March 31, 2017); loss on sale of marketable securities of \$393,000 (\$Nil – three months ended March 31, 2017); finance expense on the PLI financing of \$356,000 (\$Nil – three months ended March 31, 2017); and depreciation of \$3,000 (\$11,000 – three months ended March 31, 2017), offset by: an unrealized foreign exchange gain of \$124,000 (\$Nil – three months ended March 31, 2017); a gain on metals derivative liability of \$38,000 (\$Nil – three months ended March 31, 2017); and a \$413,000 net increase in non-cash working capital (net increase of \$110,000 – three months ended March 31, 2017).

- Net cash from investing activities in the three months ended March 31, 2018 totalled \$533,000, which was the result of capitalized mineral property development cost expenditures at Invicta of \$2,431,000 (as all Invicta-related costs were capitalized after July 2017) and \$36,000 in purchases of equipment in the three months ended March 31, 2018 (\$Nil – three months ended March 31, 2017), offset by proceeds of \$3,000,000 from the sale of marketable securities.
- Net cash from financing activities in the three months ended March 31, 2018 totalled \$3,394,000, as a result of the receipt of proceeds from Tranche 3 of the PLI Financing of \$3,153,000, \$218,000 from the exercises of share purchase warrants (\$20,000 – three months ending March 31, 2017) and \$23,000 from the exercises of options (\$Nil – three months ending March 31, 2017). Net cash from financing activities in the three months ended March 31, 2017 totalled \$224,000, including \$109,000 in net proceeds from Bridge Loan 2 that closed on January 12, 2017 and \$95,000 in subscription proceeds for the private placement unit offering announced May 19, 2017.

Current liabilities at March 31, 2018 totalled \$3,114,000 (\$2,198,000 – December 31, 2017), and were comprised of: accounts payable and accrued liabilities primarily related to the development of Invicta of \$1,314,000; the fully accreted liability of \$600,000 for BL 3 (\$600,000 – December 31, 2017), which matures in 2018 and partially accreted liability of \$230,000 for BL 2 (\$211,000 – December 31, 2017), which matures in 2019, for a total of \$830,000 for loans; the current portion of metals derivative liability of \$656,000 from the PLI Financing Agreement; and due to related parties totalling \$314,000, which includes \$275,000 for a severance settlement payment to a former CEO of the Company.

Long-term liabilities at March 31, 2018 consist of: the long-term portion of the metals derivative liability of \$5,083,000 from the PLI Financing Agreement; deferred revenues totalling \$2,471,000; a provision for reclamation and closure cost obligations of \$653,000 (\$652,000 – December 31, 2017) and other liability, representing the remainder of the above-referenced severance settlement.

PLI Financing Agreement

The gross proceeds received under the PLI Financing Agreement was US\$7 Million, payable in three tranches of US\$2.5 Million (“Tranche 1”, received in August 2017), US\$2.0 Million (“Tranche 2”, received in November 2017) and US\$2,500,000 (“Tranche 3”, received in February 2018).

Concurrent with the receipt of Tranche 1, one-time upfront fees of US\$900,000 were paid to PLI, and netted from Tranche 1 as required under the PLI Financing Agreement.

Additionally, pursuant to finder’s fee and advisory agreements entered into with Red Cloud Capital Markets and KLR Capital (the “Agents”), the Company incurred the following financing fees related to the PLI Financing Agreement:

1. Cash consideration of US\$488,000, equivalent to 8% of the funds received; and
2. Warrants granted to the Agents (“Agent Warrants”), equivalent to 1% of the funds received, as follows:
 - Tranche 1 – 100,844 Agent Warrants, with an exercise price of \$0.20, and a two year term expiring on August 4, 2019;
 - Tranche 2 – 145,698 Agent Warrants, with an exercise price of \$0.175, and a two year term expiring on November 7, 2019; and
 - Tranche 3 – 122,787 Agent Warrants, with an exercise price of \$0.255, and a two year term expiring on February 9, 2019.

Each Tranche has a grace period of 15 months after which the Company will deliver to PLI a total of 22,680 ounces of gold over the subsequent 45 months. For the repayment ounces, the Company will receive an amount per ounce of gold equal to the market price at the time, less a fixed discount. After the Tranches have been repaid, the Company will have no further obligations under the PLI Financing Agreement.

Repayment of the PLI Financing Agreement Tranches begins with the repayment of Tranche 1 as of December 2018, over the subsequent 45 months.

During the term of the PLI Financing Agreement, PLI will also share in the upside on any increase in certain specified metal prices over the Base Spot Price established in the PLI Financing Agreement.

The Company has the right to buy out and terminate the PLI Financing Agreement at any time and the Company's obligations under this agreement are secured by a first charge over all of the Company's assets.

Bridge Loan Financings

Bridge Loan 2 ("BL2")

Effective January 12, 2017 ("Closing Date"), the Company completed a bridge loan financing for gross proceeds of \$300,000 with a group of third-party individuals and Insiders of the Company. No finders' fees were paid in connection with this bridge loan.

BL2 is unsecured and bears simple interest at the rate of twelve percent (12%) per annum, calculated and payable semi-annually, with the first interest payment due on June 30, 2017 and each 6 months thereafter.

The BL2 principal and accrued and unpaid interest is payable in full on or before the earlier to occur of: (i) three months after the Company receives an advance of funds of at least \$8.0 million in new financing, if the noteholder requests repayment of BL2; and (ii) the date that is two years after the Closing Date (being January 12, 2019).

In May 2018, the Company paid \$219,000 in principal and accrued interest to noteholders who requested repayment in accordance with the terms of BL2.

Pursuant to the closing of BL2, the Company issued share purchase warrants ("BL2 Warrants").

The recorded value of the BL2 balance as at March 31, 2018 is partially accreted and included in Current Liabilities on the consolidated statements of financial statements of financial position is as follows:

<i>In thousands of dollars</i>	Liability \$	Equity \$
Balance, January 1, 2017	–	–
BL2 proceeds	300	–
Fair value of BL2 Warrants issued	(147)	147
BL2 issue costs allocated	(1)	(1)
Loan accretion	59	–
Balance, December 31, 2017	211	146
Accretion	19	–
Balance, March 31, 2018	230	146

Bridge Loan 3 ("BL3")

Effective June 30, 2017 ("Effective Date"), the Company completed a bridge loan financing for gross proceeds of \$600,000 with a group of third-party individuals and Insiders of the Company. No finders' fees were paid in connection with this bridge loan.

BL3 is unsecured and bears simple interest at the rate of twelve percent (12%) per annum, calculated and payable semi-annually.

The BL3 principal and accrued and unpaid interest is payable in full on or before: (i) three months after the Company receives any additional and/or new financing of at least \$4.0 million, if the noteholder requests repayment of BL3; or (ii) the date that is six months after the Effective Date, whichever is the earlier. The Company's directors subsequently extended the term of the BL3 loan and the BL3 Warrants to June 30, 2019, subject to regulatory approval, which is still outstanding.

In May 2018, the Company paid \$156,000 in principal and accrued interest to noteholders who requested repayment in accordance with the terms of BL3.

Pursuant to the closing of BL3, the Company issued share purchase warrants ("BL3 Warrants").

The recorded value of the BL3 balance as at March 31, 2018 is fully accreted and included in Current Liabilities on the consolidated statements of financial statements of financial position, as follows:

<i>In thousands of dollars</i>	Liability \$	Equity \$
Balance, January 1, 2017	–	–
BL3 proceeds	600	–
Fair value of BL3 Warrants issued	(185)	185
BL3 issue costs allocated	(2)	(1)
Loan accretion	187	–
Balance, December 31, 2017 and March 31, 2018	600	184

Outstanding Share Data

As at the MD&A Date, the following securities were issued and outstanding:

- basic – 121,684,860 common shares
- fully-diluted – 156,643,614 common shares, after including:
 - 24,653,754 common share purchase warrants, with a weighted average exercise price of \$0.15; and
 - 10,305,000 stock options, with exercise prices ranging from \$0.06 to \$0.24, of which 6,932,500,00 options are vested.

As at March 31, 2018, the Company's aggregate recorded common share capital amount was \$59,080,000 (\$58,774,000 – December 31, 2017) representing 120,691,110 issued and outstanding common shares without par value (115,974,680 – December 31, 2017).

As at March 31, 2018, the Company had 25,553,754 share purchase warrants outstanding at a weighted average exercise price of \$0.15 (27,047,397 at a weighted average price of \$0.15 – December 31, 2017).

As at March 31, 2018, the Company had 9,603,750 stock options outstanding at a weighted average exercise price of \$0.15 (9,425,000 at a weighted average price of \$0.15 – December 31, 2017). During the three months ended March 31, 2018, 131,250 stock options at a weighted average exercise price of \$0.16 were forfeited (three months ended March 31, 2017 – 7,500 at an average exercise price of \$0.16).

On May 23, 2018, the Company granted a combined 850,000 stock options to an officer and to a director, for the purchase of up to 850,000 common shares, subject to approval by the TSX.V. The options vest over 18 months and are exercisable on or before May 23, 2023 at a price of \$0.23 per share.

Equity Issued

During the three months ended March 31, 2018, 1,616,430 common shares were issued for proceeds of \$218,000 from the exercise of 1,616,430 share purchase warrants at a weighted average price of \$0.135 per share and 340,000 stock options were exercised for proceeds of \$23,000 at a weighted average price of \$0.068 per share.

During the three months ended March 31, 2017, 200,000 common shares were issued for proceeds of \$20,000 on the exercise of 200,000 warrants at \$0.10 per share and 300,000 common shares at a deemed price of \$0.15 per share were issued to settle debt totalling \$45,000.

Accumulated Deficit

The Company's accumulated deficit was \$55,588,000 as at March 31, 2018 (\$54,834,000 – December 31, 2017), with the increase in deficit of \$754,000 reflecting the loss incurred for the three months ended March 31, 2018.

Dividends

There are no restrictions that could prevent the Company from paying dividends on its common shares.

The Company has not paid any dividends on its common shares and does not intend to pay any dividends in the foreseeable future. It is the Company's intention to use all available cash flows to finance further operations and exploration of its resource properties.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

During the three months ended March 31, 2018, the Company paid for \$10,000 for shareholder and investor relations services to Havilah Holdings Inc. (“Havilah”), a company wholly-owned by Geoff Courtnall. Subsequent to March 31, 2018, the Company paid companies controlled by a related party \$61,000 in April 2018 as full and complete payment of advances made in 2017.

During the three months ended March 31, 2018, the Company accrued \$19,500 in interest payments for the first three months of 2018 related to the Company’s bridge loans, to certain officers and directors and/or companies controlled by them or a related party. The Company’s directors’ and officers’ bridge loan holdings comprise \$150,000 of a total of \$300,000 for BL2 and \$500,000 of a total of \$600,000 for BL3.

Key management compensation

Key management includes directors and executive officers of the Company. The compensation paid or payable to key management for employee services is shown below:

<i>In thousands of dollars</i>	2018	2018
	\$	\$
Salaries and benefits	69	32
Share-based compensation	99	43
Total key management compensation	168	75

Amounts due to or from related parties are unsecured and non-interest bearing and measured at the amount of consideration established and agreed to by the related parties.

As at March 31, 2018:

- i. \$12,000 was payable to an officer, director and a company controlled by a related party for unpaid services rendered; and
- ii. \$4,698 was payable to companies controlled by a director of the Company for interest accrued and payable for advances made; and
- iii. \$550,000 was payable to a former CEO of the Company pursuant to a March 2018 settlement agreement between the parties, of which \$275,000 is in Due to Related Parties (and was paid in April 2018), and the remaining \$275,000 is in Other Liability (payable in April 2019).

Reclamation and closure cost obligations

When the Company exhausts or abandons a mining property or an exploration site, it is required to undertake certain reclamation and closure procedures under the terms of the legislation enacted by the government of Peru. Consequently, the Company records a reclamation provision.

The provision has been measured at the estimated value of future rehabilitation costs and an estimated mine life of 9 years plus an additional 4 years of post-mine life rehabilitation. The estimated cash-flows were discounted to present value using a risk-free discount rate (adjusted to inflation) of 7.2%. Periodically the Company reviews the estimate of future costs of the requisite reclamation and closure work required by current legislative standards. The current total estimate for all properties anticipates undiscounted future cash outflows to meet required legislative standards for reclamation and closure work in the amount of \$644,000 (US \$805,000 undiscounted). These future cash outflows have been discounted at the risk-free interest rate considered applicable in Peru, where the Company’s properties are located.

Contingent liability – SUNAT

In 2008, the Peruvian tax authority, SUNAT, completed an audit of the tax filings of a former AAG Peruvian subsidiary named El Misti Gold (“EMG”) for the years 2002 to 2004, and challenged the deductibility of certain property write-offs and foreign exchange losses in those filings. Subsequent to 2008, EMG transferred and/or sold its assets to various entities, including the sale of 13 concessions to IMC that are the source of these SUNAT tax filing challenges. Additionally, EMG no longer exists as a legal entity in Peru.

As the SUNAT challenges for 2003 and 2004 are mainly based on the insufficiency of the carry-forward losses according to SUNAT’s determination of EMG’s tax obligation of 2002, the result of the 2002 proceeding will have a direct impact on the proceedings of 2003 and 2004. Consequently, the 2003 and 2004 tax proceedings were revoked by the Tax Court, as the existing claims for 2002 need to be resolved first. However, such revocations do not fully terminate and discharge the tax contingency, given that once the Tax Court rules on the 2002 proceeding, SUNAT would be entitled to recalculate the corresponding interest and penalties and, if applicable, pursue action.

The Company has been advised by legal counsel that SUNAT could subsequently initiate an action against IMC as (being) jointly and severally liable for EMG’s tax contingencies in order to collect, at a minimum, the 2002 tax assessment of ~US\$365,000 (excluding interest).

In the event that the Company is not successful in its appeal of the 2002 tax proceeding or SUNAT chooses to initiate collection action against IMC, management has been advised by Peruvian legal counsel that the maximum value of the related contingent tax assessment would be capped at the market value of the concessions sold by EMG to IMC at the time, which is estimated by an independent valuator to be ~US\$110,000.

As at March 31, 2018, no loss provision has been made for the above-noted remaining SUNAT assessment(s) in these consolidated financial statements, as neither the probability or the amount of the contingent amount can be reasonably estimated.

Adoption of new and amended IFRS pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee (“IFRIC”) that are mandatory for accounting periods beginning January 1, 2018. Pronouncements that are not applicable to the Company have been excluded from this note. The following pronouncements have been issued but are not yet effective:

IFRS 9 - Financial Instruments - In July 2014, the IASB issued the final version of IFRS 9 - Financial Instruments (“IFRS 9”) to replace IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company’s unaudited condensed consolidated interim financial statements were not affected by IFRS 9.

IFRS 15 - Revenue from Contracts with Customers - In April 2016, the IASB issued IFRS 15 - Revenue from Contracts with Customers (“IFRS 15”) which supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers, and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is currently mandatory for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company early-adopted this standard effective for the year ended December 31, 2017 - there was no impact as a result of such early adoption.

Critical Accounting Estimates

The following are the critical accounting estimates that management made in the process of applying the Company's key accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Estimated useful lives – The useful life of some of the Company's items of property, plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property, plant and equipment would increase the recorded operating expenses and decrease long-term assets.

Reclamation obligations – provision is made for the anticipated costs of future reclamation and rehabilitation of mining areas which have been altered due to exploration activities and/or from which natural resources have been extracted to the extent that a legal or constructive obligation exists. These provisions include future cost estimates associated with reclamation, the calculation of which requires assumptions such as application of environmental legislation, available technologies and engineering cost estimates, and asset specific discount rates to determine the present value of the related cash flows. A change in any of the assumptions used may have a material impact on the carrying value of reclamation provisions.

Valuation of the derivative related to deferred revenues – provision is made regarding the PLI Financing Agreement where the accounting recognition of the prepayment amounts, less any covered metals option value, are recorded as deferred revenue, to be amortized over the expected gold ounces to be delivered under the PLI Financing Agreement. These provisions include the use of future production forecasts as well as estimations of the volatility of the applicable commodity prices, the market prices, and risk-free rate. The valuation of the related derivative in this arrangement is an area of estimation and is determined using discounted cash flow models. These models require a variety of inputs, including, but not limited to, contractual terms, market prices, forward curve prices, mine plans and discount rates. Changes in these assumptions could affect the carrying value of derivative assets or liabilities and the amount of gains or losses recognized in other operation income (expense).

Accounting Policies

The Company's accounting policies are as disclosed in Note 3 of the audited annual consolidated financial statements for the years ended December 31, 2017 and 2016, which can be found at www.sedar.com under the Company's profile "Lupaka Gold Corp."

Financial Instruments

Financial assets and liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Upon initial recognition, financial assets and liabilities are measured at fair value plus or less transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for those financial assets and liabilities classified as fair value through profit or loss, for which the transaction costs are expensed.

Financial assets and liabilities

The Company's financial instruments consist of cash, trade and other receivables, trade and other payables, marketable securities and loans.

All financial assets and liabilities are recognized when the Company becomes a party to the contract creating the item. On initial recognition, financial instruments are measured at fair value. Measurement in

subsequent periods depends on whether the financial instrument has been classified as “fair-value-through-profit-and-loss”, “available-for-sale”, “held-to-maturity”, “loans and receivables”, or “other financial liabilities”. The classification depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition. Financial liabilities are classified as either financial liabilities at “fair-value-through-profit and loss” or “other financial liabilities”. Financial liabilities are classified as “fair-value-through-profit and loss” when the financial liability is either ‘held for trading’ or it is designated as “fair-value-through-profit and loss”.

Derivative instruments

Derivative instruments, including embedded derivatives, are classified at fair value through profit or loss and, accordingly, are recorded on the statement of financial position at fair value. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

Financial risk factors

(a) Financial risk exposure and risk management

The Company’s activities expose it to a variety of financial risks, which include liquidity, market, foreign exchange, interest rate, and commodity price risks. Financial risk management is carried out by the Company’s management team with oversight from the Company’s Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk through the management of its capital structure and assets. At March 31, 2018 and December 31, 2017, the Company’s undiscounted contractual obligations and their maturity dates were as follows:

<i>In thousands of dollars</i>	March 31, 2018 \$	December 31, 2017 \$
Trade and other payables (within 1 year)	1,314	2,175
Other liability (2 years)	275	275
Bridge Loan 1	–	–
Bridge Loan 2 (2 years)	300	300
Bridge Loan 3 (within 1 year)	600	600
Deferred revenue (5 years)	7,732	4,579
Total	10,221	7,929

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates, prices, interest rates, and commodity prices.

Foreign exchange risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has subsidiaries that operate in Peru and as such, a portion of its expenses are incurred in Peruvian Nuevo Soles, the Company’s functional currency in Peru, and US Dollars. A significant change in the currency exchange rates could have an effect on the Company’s results of operations. The Company has not hedged its exposure to currency fluctuations.

(b) Fair value of financial instruments

IFRS 7 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair values as follows:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and
- Level 3 – valuation techniques with unobservable market inputs (involves assumptions and estimates by management of how market participants would price the assets or liabilities).

In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and valuation techniques may have a material effect on the estimated fair value amounts.

The fair values of cash, trade and other receivables and trade and other payables approximate carrying value because of their short-term nature. At March 31, 2018, the Company had marketable securities that are categorized as Level 1 in the fair value hierarchy above that are measured and recognized in the consolidated statement of financial position at fair value.

At March 31, 2018 and December 31, 2017, there were no financial assets or liabilities measured and recognized in the consolidated statement of financial position at fair value that would be categorized as Level 2 or Level 3 in the fair value hierarchy above.

Disclosure Controls and Procedures

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Risk Factors – in addition to the Cautionary Note Regarding the Invicta Production Decision noted above, the Company's Risk Factors are fully set out in its AIF, which is available at www.sedar.com.
